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Message Text

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56
ACTION NEA-10

INFO OCT-01 ISO-00 EB-07 FEA-01 AID-05 CIAE-00 FRB-01

INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06 SP-02

CIEP-02 LAB-04 SIL-01 OMB-01 /067 W
---------- 048918
R 201220Z FEB 76
FM AMEMBASSY NEW DELHI
TO USDOC WASHDC
INFO SECSTATE WASHDC 4153
AMCONSUL BOMBAY
AMCONSUL CALCUTTA
AMCONSUL MADRAS
AMEMBASSY TEHRAN

UNCLAS NEW DELHI 2613

E.O. 11652: N/A
TAGS: IN EMIN
SUBJECT: KUDREMUKH PROJECT IN MOTION

1. ACCORDING TO PRESS REPORTS, IRAN HAS RATIFIED THE FINANCIAL AGREEMENT ORIGINALLY SIGNED NOVEMBER 4, 1975 WITH INDIA FOR THE DEVELOPMENT OF THE KUDREMUKH IRON ORE PROJECT PAVING THE WAY FOR THE FIRST INSTALLMENT OF DOLS100 MILLION TO BE FORTHCOMING WITHIN THE NEXT 30 DAYS.

2. UNDER THE TERMS OF THE AGREEMENT INDIA IS TO SUPPLY IRAN WITH 150 MILLION METRIC TONS OF IRON ORE (VALUED AT RS. 50 BILLION EQUIVALENT TO DOLS5.9 BILLION AT THE EXCHANGE RATE OF RS. 8.50 EQUAL US DOL1.00) AT THE ANNUAL RATE OF 7.5 MILLION MT OVER THE NEXT 20 YEARS.

3. REPAYMENT OF THE IRAN LOAN IS TO BE MADE OUT OF THE FOREIGN EXCHANGE EARNINGS FROM THE SALE OF THE CONCENTRATES TO IRAN.

4. THE AGREEMENT ALSO CALLS FOR INDIA TO COMPLETE THE PROJECT WITHIN 4 1/2 YEARS FROM DATE OF SIGNING AND SUBJECTS INDIA TO A HEAVY
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PENALTY FOR FAILURE TO MEET THIS DEADLINE. THE GOI HAS ALREADY

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ALLOCATED RS. 750 MILLION (DOLS88 MILLION) IN THIS YEAR'S BUDGET FOR PRELIMINARY WORK AT THE PROJECT SITE AND PROPOSES RS. ONE BILLION (DOLS118 MILLION) IN ITS FY 76/77 BUDGET.

5. A NEW PUBLIC SECTOR COMPANY IS TO BE ESTABLISHED UNDER THE MINISTRY OF STEEL AND MINES TO MANAGE THE KUDREMUKH PROJECT. THE NEW COMPANY IS TO BE KNOWN AS THE KUDREMUKH IRON ORE COMPANY WITH HEADQUARTERS IN THE KARNATAKA STATE. DETAILS CONCERNING ESTAB LISHMENT OF THE OFFICE AND BOARD OF DIRECTORS ARE BEING WORKED OUT. WE ARE ATTEMPTING TO CONFIRM THE ABOVE AND WILL CONTINUE TO REPORT ON FUTURE DEVELOPMENTS.SAXBE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
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Copy: SINGLE
Draft Date: 20 FEB 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
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Handling Restrictions: n/a
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To: COM
Type: TE
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